"That the Bill be returned."

*The question was put and the motion was adopted.*

MR. DEPUTY CHAIRMAN: Now, the question is:

That the Bill to provide for the authorization of appropriation of moneys out of the consolidated Fund of India to meet the amounts spent on certain services during the financial year ended on the 31st day of March, 2003, in excess of the amounts granted for those services and for that year, as passed by Lok Sabha, be taken into consideration.

*The motion was adopted.*

MR. DEPUTY CHAIRMAN: We shall now take up clause-by-clause consideration of the Bill.

*Clauses* 2, 3 *and the Schedule were added to the Bill.*

*Clause* 1, *the Enacting Formula and the Title were added to the Bill.*

SHRI P. CHIDAMBARAM: Sir, I beg to move:

That the Bill be returned.

*The question was put and the motion was adopted.*

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## STATEMENT BY MINISTER

### Status of Implementation of the recommendations contained in Fifth and Ninth Reports of the department related Parliamentary Standing Committee on Finance

THE MINISTER OF STATE OF THE MINISTRY OF COMPANY AFFAIRS (SHRI PREM CHAND GUPTA): Sir, I am making this statement on the status of implementation of recommendations contained in the Fifth and Ninth Reports of the Standing committee on Finance in pursuance of directions of the hon. Chairman, Rajya Sabha issued *vide* Rajya Sabha bulletin part-II, dated 28th September, 2004.

In all, five recommendations were made by the Committee in the two Reports where action is required on the part of the Government. These recommendations pertain to comprehensive review of the Companies, Act, 1956, filling up the vacancies in the company Law Board, Serious Fraud Investigation Office and strengthening the Inspection wing in the Ministry.

The present status of implementation of the various recommendations made by the Committee is indicated in the Annexures to my statement, which is laid on the Table of the House. I would not like to take the valuable time of the House to read out all the contents of these Annexures. I would request that this may be considered as read.

## Statement showing Action Taken Report on the Recommendations/Observations contained in the Fifth Report of Standing Committee on Finance for the Ministry of Company Affairs

| Recommendation No. | Recommendation | Action Taken by Government | Whether Accepted or not by Government | Remarks |
|---|---|---|---|---|
| 9 & 10 | Comprehensive Overhauling of Companies Act 1956. | The Government had set up an Expert Committee headed by Dr. JJ Irani to advise the Government on comprehensive revision of the Companies Act, 1956 The Committee has since submitted its report to the Government on 31.05.2005. The report has been placed on website of the Ministry (WWW.dca.nic.in) for general information. The report is under examination in this Ministry. | The Government has taken up a Comprehensive Review of the Companies Act, 1956 as recommended by the Committee. | |
| 24. | Get the Stay orders granted against referring cases to SFIO vacated. Take expeditious action on report submitted by expert committee setup for improving the system, Law and procedure of SFIO. | The Stay Orders issued by the Courts in the cases of (i) DSQ Software Ltd., (ii) Bonanza biotech Ltd. (iii) Design Auto Systems Ltd., and (iv) Ketan Parekh Parekh Group of Companies (16 Companies) have been vacated and investigation resumed. In the case of Ispat Industries Ltd., the Court quashed the order of Investigation while allowing a fresh proceeding under the Companies Act in respect of the company in question. Necessary action with regard to information made available by the company is being taken and as on date there are no stay orders in respect of cases referred to SFIO. The issue of giving adequate power and reach to SFIO and rule of SFIO were *inter-alia* deliberated by the Expert Committee headed by Dr. J.J. Irani (the 'Irani Committee") which was set up by the Ministry of company Affairs on | Yes | |

| Recommendation No. | Action Taken by Government | Whether Accepted or not by Government | Remarks |
|---|---|---|---|
| | 2/12/2004 to make recommendations on Revision to the Companies Act, 1956. In its report submitted on 31st May, 2005, that Committee *inter alia*, has recommended the need to have a separate legislation for SFIO. Recommendations of the Committee are under consideration of the Government. | | |

## Statement showing Action Taken Report on the Recommendations/Observations contained in the Ninth Report of Standing Committee on Finance of Ministry of Company Affairs

| Recommendation No. | Recommendation | Action Taken by Government | Whether Accepted or not by Government | Remarks |
|---|---|---|---|---|
| 15 | The Vacancies for the smooth functioning of the Company Law Board may be filled up until National Company Law Tribunal is constituted. | The posts of Chairman and Vice Chairman of the Company Law Board have since been filled up. Offers of appointment have also been made to three members. One member has already joined.One other member has conveyed her acceptance of offer. The third member has conveyed regrets after having initially accepted the offer. | Yes | |
| 38 | The Committee are of the opinion that unless the cadre review of the staff is done and routine inspections are outsourced, there will be no significant improvement in the matter of inspections. The Committee, therefore, desire the Government to take positive steps in this direction so that the exercise for Cadre Review is expedited and the recommendations made by Shardul Shroff Committee are finalized at the earliest so that the inspection wing of the Ministry could be strengthened and mechanism for outsourcing of Routine Inspection could be set up without further delay. | The report by Shri Shardul Shroff, convener of the Expert Group (on Inspections & Penalties) was discused in the Expert Committee on Company Law (under Charmanship of Dr. J.J. Irani) set up by Ministry of Company Affairs to make recommendations for revising the Companies Act, 1956. Various issues raised by Shri Shroff Expert Group were discussed in detail in Dr. Iran Committee and have been addressed to in the report of the Irani Committee submitted to the Government on 31.5.2005. The report has been placed on website of the Ministry (*www.dca.nic.in)* for general Information. The Irani committee's report is under examination. The cadre review examination is at final stage and the recommendations/report of the Ministry will be submitted to the DOPT soon. The inspection staff is presently deployed on in the Headquarter and the offices of RDs. It is being considered in the Cadre Review that inspection staff should be deployed with each ROC as well. | Yes | |